

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

STARRED QUESTION NO:396

ANSWERED ON:30.04.2007

RELIEF PACKAGE TO SUGAR MILLS

Annayyagari Shri Sai Prathap;Barad Shri Jashubhai Dhanabhai

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the Government has recently announced Rs. 850 crore relief package for the sugar mills;
- (b) if so, the details thereof indicating the manner in which the package is proposed to be utilised and the mills likely to be benefited therefrom;
- (c) the extent of loss suffered by the sugar industry due to delay in announcement of the said package; and
- (d) the time by which the said package is likely to be implemented?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF THE STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a), (b), (c) & (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE STARRED QUESTION NO. 396 DUE FOR ANSWER ON 30.04.2007 IN THE LOK SABHA.

(a)&(b): In order to ensure that over production of sugar does not lead to a situation of mounting cane price arrears, the Central Government on 24th March, 2007 have decided as under: -

(i) to create a buffer stock of 20 lac tons for a period of one year (01.05.2007 to 30.04.2008) under which interest charges, insurance and storage charges for the quantity taken as buffer will be reimbursed to sugar factories. The cost of this subsidy is estimated to be Rs.378 crores for one year. Further, banks would provide additional credit of Rs.420 crores on creation of 20 lac tons of buffer. Thus, Rs.798 crores would be available with sugar factories to pay cane price to sugarcane farmers, for the sugar season 2006-07 including the cane price arrears of previous sugar seasons. The buffer subsidy and the additional credit are to be used exclusively for the payment of cane price.

(ii) to provide export assistance to defray the internal transport and freight charges, marketing and handling charges at the flat rate of Rs.1350 per ton on export of domestically manufactured sugar from sugar factories situated in the coastal States and at the flat rate of Rs.1450 per ton from sugar factories situated in other than coastal States. Exports made under Open General License (OGL) only (and not under `advance license`) on or after 19th April, 2007 and upto 18th April, 2008 or till further orders, whichever is earlier, would be eligible for this assistance. Further, the amount so received is also to be used for cane price payment.

(c)&(d): Although the Central Government took the above decisions on 24th March, 2007, these decisions could not be announced immediately as the process of electing the Legislative Assembly in Uttar Pradesh had begun by that time. A reference was made to the Election Commission of India on 26th March, 2007, seeking their approval to notify the decisions of the Government. On receipt of the approval of Election Commission in the Department on 15th April, 2007, appropriate steps have been taken to implement the decisions. The order for export assistance was issued on 19th April, 2007. The notification for creation and maintenance of 20 lac tons of buffer stock from 1st May, 2007 to 30th April, 2008 was published in the Gazette of India on 20th April, 2007. Hence, there has been no delay on the part of the Central Government to announce the said decisions.